



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

**Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850**

July 7, 2000

Janice Wright
Administrator
Department of Human Resources
Division of Health Care Financing and Policy
1100 E. William Street, Suite 116
Carson City, Nevada 89701

Dear Ms. Wright:

Thank you for your response dated June 21, 2000 to our questions concerning your State Children's Health Insurance Program (SCHIP) under Title XXI. As you are aware, your proposal has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, we find it necessary to seek further information.

- Section 9.1, relating to administrative costs. Please provide more details on the planned use of administrative funds. How much does the State expect to spend on outreach costs and other program related administrative cost? A budget template is attached to illustrate requested categories. Furthermore, we note that the State is not taking advantage of the full amount of allowable cost, since the maximum amount allowable for administrative cost was calculated using the total benefit costs. Enhanced federal match for administrative costs is available for up to 10% of the total program expenditures.
- Section 9.1, relating to premium collections. In the proposed budget, it appears that the State has deducted premium collections from administrative costs. Any cost sharing paid by beneficiaries and received by the State that is related to benefit costs must be offset against benefit costs. Because premiums are collected throughout the benefit period and are used to defray the ongoing costs associated with health services, they are considered to be related to benefit costs. Please revise the budget to show that premium collections are used to offset benefit costs.

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As you know, under Section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan within ninety days. This constitutes our notification that specified additional information is needed in order to fully assess the concerns raised in this letter. The 90-day review period has been stopped by this request and will resume as soon as the State's response to these questions is received. The members of the review team would be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response.

Please send your response, either on disk or electronically, as well as in hard copy to Michelle Browne, project officer for the Nevada Title XXI proposal, with a copy to HCFA Region IX. Ms. Browne's Internet address is: MBrowne@HCFA.GOV. Her mailing address is:

Health Care Financing Administration
Division of Integrated Health Systems
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850

We appreciate the efforts of your staff and share your goal of providing health care to low-income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Browne at (410) 786-3233 or Richard Chambers, Associate Regional Administrator for the HCFA Region IX Division of Medicaid at (415) 744-3568. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Cindy Mann
Director

cc: San Francisco Regional Office